

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Excess Bases: A Drain on Defense Modernization

B. DATE Report Downloaded From the Internet: 24 Apr 98

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph # William S. Cohen, Secretary of Defense

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: PM **Preparation Date:** 24 Apr 98

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.

19980429 106



DEFENSE ISSUES

DoD wants more base closures to pay for its modernization, readiness and quality of life needs. Communities with bases may see closures as economic disasters, but they can be boons with prudent planning.

Volume 13 Number 28

Excess Bases: A Drain on Defense Modernization

Press briefing excerpts of Secretary of Defense William S. Cohen; Adm. Jay Johnson, chief of naval operations; John Goodman, deputy undersecretary of defense for industrial affairs and installations; and Mayor Ned Randolph of Alexandria, La., in Washington, D.C., April 2, 1998.

Cohen. Before I begin, let me indicate to you that we are being consistent with the Defense Reform Initiative. [The report and all the backup support data being filed with Congress] is all contained on this CD-ROM, and it will be on the Internet in its entirety, so we want to show you that we are being consistent with our own recommendations about bringing good business practices into the Pentagon itself.

Last year, as many of you know, we unveiled our defense strategy for dealing with threats today and also for the future. It was summed up in those three words. shape, respond and prepare. This is the right strategy, but it's not cost-free. We have to invest both in current capabilities and also in the future force -- namely our people and technologies. But for the foreseeable future, the defense budget is likely to remain constant, in real terms.

Resources to maintain our current readiness and to build a future force can only come from one place, and that's right here in the Department of Defense.

To find these savings, the department is accelerating the adoption of the private sector's best business practices. We are consolidating agencies, we are reducing staff, we are outsourcing, we are re-engineering and we are eliminating excess and unneeded infrastructure.

Last year we asked Congress to approve two additional rounds of base realignment and closures, or BRAC, for 1999 and the year 2001. Congress, in turn, requested a detailed report on the need for more BRAC and the military impact that it would have, and also on the validity of the department's costs and savings. So today we're issuing this report and renewing our call for Congress to authorize BRACs for this year, for four reasons.

First, the department still has too much base structure for our force structure. This report does, in fact, estimate that overall the military base structure exceeds the force structure by some 20 percent. This means we need at least two more rounds of BRAC.

Navy shipbuilding -- berthing, for example. ... Between 1989 and 2003, the Navy will have reduced its ships by some 46 percent, but even after the four rounds of BRAC that we have had, we'll have reduced our berthing capacity, and that includes piers and support facilities, by only 18 percent.

With respect to the Army instructional space, in 1989 the Army had enough classroom space for some 350,000 students and staff. By the year 2003, personnel at these bases will be down some 43 percent, but because we haven't reduced enough of our facilities, the classroom space will have been reduced by only 7 percent.

With respect to the Air Force: Between 1989 and the year 2003, the Air Force will have reduced the

number of small aircraft by 53 percent, but even, again, after four rounds of BRAC, the apron space will be down only about 35 percent.

The second reason that we need BRAC is to eliminate excess infrastructure because it saves money. Operating these facilities and bases that we don't need wastes billions of dollars that we need for readiness and modernization. For those of you who have been covering this issue, you'll recall that each time that I go up to the Hill there are questions raised about the status of our readiness and also of the need for modernization.

The past BRAC rounds have constituted, we think, a small investment with a very big return. By the year 2003, we will have saved a total of \$25 billion in net terms, and we'll be saving some \$5.6 billion each and every year from the year 2003 on.

The critics claim that we have underestimated the costs and we have overestimated the savings. In fact our report shows just the contrary -- our estimates are reasonable, that the independent study done by the inspector general found that in BRAC 1993 that the department overestimated the costs and underestimated the savings. There were some 4 percent lower costs and some 29 percent greater savings. So with respect to BRAC 95, we are right on target.

The new BRAC rounds in the year 2001 and 2005 also will save substantial sums: \$21 billion will be saved between the years 2008 and 2015, and that is the end of the Quadrennial Defense Review period as far as our planning is concerned, and we will be saving an additional \$3 billion each and every year thereafter. So that means that we will have billions of dollars available to invest in technology and weapon systems that are needed to support the chairman of the Joint Chiefs Joint Vision 2010 and the military strategy that I outlined during the QDR process.

The third reason that we need BRAC is that these savings are critical to fulfilling our military strategy. At stake is the very success of that strategy. Our ability to transform the military to meet the challenges of the next century depends upon ensuring the readiness of our force, and accelerating the modernization to bring the very best weapons and technologies to the force that we possibly can. So without this additional \$20 billion from BRAC, we will not have sufficient resources to do both.

The question is, what is the value of this \$20 billion?

Well, to the Air Force, \$20 billion is worth about 450 Joint Strike Fighters; or to the Navy, \$20 billion is worth two next-generation aircraft carriers and 12 of the next-generation warships, the DV-21; or to the Army, it's worth two of the future systems that we need to digitize the force, all 650 Comanche helicopters and 800 Crusader artillery systems that the Army plans to buy by the year 2015. To the Marines, \$20 billion is worth about 1,000 Advanced Amphibious Assault Vehicles and almost all of the Joint Strike Fighters that they will buy during this period. So you can see, \$20 billion in each of these categories has a significant consequence. Obviously it would have to be analyzed in terms of what the tradeoffs would be for each service, but this is what \$20 billion would do for each one of them separately.

The fourth reason we need BRAC is that we are preparing the security for tomorrow, and it requires that we take action today. In response to our last call for BRAC, some opponents suggested that we should wait for the right time, until the first four rounds are completed. My answer is, there is no right time for base closure.

The right time to plan for the defense strategy of tomorrow is today. We have a detailed spending program, the FYDP [Future Years Defense Program], out to the year 2003. We will extend that, of course, now to the year 2005. We have plans to extend that out to 2015. The reason we have to do that is we have to start planning now for the systems we will be acquiring. I have to start making these decisions over the next three years in terms of where we're going with these systems to fulfill Joint Vision 2010.

To give you an example, by 1998 we have to make a decision pertaining to the F-22. How many are we

prepared to buy or to reduce in terms of that buy, or indeed, continue? The Joint Air-to-Surface Standoff Munition, again, that decision by 1998. The Crusader advanced artillery system, that has to be made by the year 2000. The Joint Strike Fighter, 2001. The Comanche light helicopter tactical reconnaissance aircraft, 2001. And the Advanced Amphibious Assault Vehicle, again, 2001.

Without the certainty of BRAC, we'll have to adjust those plans for modernization. Either that or affect our force structure or the quality of life for our troops. That's why it's imperative that we have BRAC now so I can make these kinds of recommendations and plans.

Our troops need to know and Congress needs to know that the costs have been well-established. The savings are real, and they're substantial. We know the impact of the previous rounds our military has incurred, and it's been positive. We know that closing bases is very hard, but the alternatives are far worse, and we know that BRAC is critical to the success of our defense strategy.

With that, I would like to turn it over for a few moments to the chief of naval operations, Admiral Jay Johnson, who's acting [on the behalf of the] chairman of the Joint Chiefs He's going to discuss the military necessity of more BRAC rounds, and after that I'll return to the podium to talk about the impact on communities.

Admiral Johnson.

Johnson. Thank you, Mr. Secretary. Good morning.

On behalf of the chairman, the vice chairman, and my fellow service chiefs, let me just say that we stand foursquare behind Secretary Cohen in this effort, this imperative really, to achieve a more efficient, more cost effective, and indeed, a more combat-ready military.

The facts are irrefutable. We are carrying too much infrastructure, and in this era of budgetary constraints, we can't do that without serious impact on our ability to carry out our national military strategy. We can't waste precious resources by paying for unnecessary overhead.

Additional base closures are required if we're to generate the critical savings which we need to equip and train our men and women to deal with the challenges of the 21st Century. Failure to do so will result in reduced readiness, delayed equipment upgrades and postponed acquisition of new systems.

Let me put this issue in context. Since the end of the Cold War the Department of Defense has reduced its budget by 40 percent. We've also reduced manpower by more than a third. Yet we've only reduced our infrastructure by some 21 percent. If we don't shed additional, unneeded infrastructure, our warfighting capability will suffer. It's that simple.

Finally, this is about more than budgeting. It's about protecting American interests, American citizens, American soldiers, sailors, airmen and Marines. We owe them the best force we can achieve. Reducing excess infrastructure will help take us there and is clearly a military necessity.

Thank you.

Mr. Secretary.

Cohen. I'd like to spend just a couple of moments talking about base reuse success, the final point this morning. BRAC need not be a death knell. Instead, it can be a starting bell for the future.

I must say as a former mayor of the third largest city in Maine ... and a former senator from a state that has been affected and impacted by base closures, I am well aware of the concerns that BRAC always creates. But since 1995 when Congress last voted on a BRAC commission's recommendations, the administration and Congress together developed a number of measures to assist the communities, including the following: establishing a new property disposal mechanism to promote job creation, [and] providing larger planning grants to communities.

Without going into too much more detail on this, we're going to have a very important mayor who can talk about the specific issues as far as his community is concerned. ...

Let me point out ... a number of bases, for example, that have been reused to the point where [they had been before they were] closed. We have found that at Fort Devens, Mass., we had 3,000 jobs created, replacing the 2,178 civilian jobs that were lost at that time. These are some of the tenants that are now occupying that territory: Gillette Manufacturing, Boston/Maine Railroad, a federal prison medical facility, the Oxbow National Wildlife Refuge.

Charleston Naval Base in South Carolina: 2,700 jobs have been created. They anticipate having 8,750 jobs created over the next five years. That will replace the 6,272 that were lost at that base. Again, some of the tenants listed here: Charleston Marine Manufacturing, Charleston Shipbuilding, NOAA [National Oceanic and Atmospheric Administration], U.S. Postal Service, the National Community Conservation Corps.

Pease Air Force Base [N.H.], very close to my state. There was great concern at the time. There have been 1,300 jobs created, replacing the 400 that were lost at that time.

Of course, we also have Mayor Ed Randolph, who is here from Alexandria, La., to give you an example of what he and his community have been able to achieve as a result of the base closure process.

Mayor Randolph.

Randolph. Thank you, Mr. Secretary.

It was a time when base closure sent me into fear and trembling. I was awed by it, and rightfully so, because we have seen in years past what taking a military facility out of a community will do to that community. Sometimes it becomes a wasteland.

Our community is not that large, about 50,000 people. England Air Force Base had been there 40-plus years with about 3,000 or so Air Force personnel and 700-plus civilian personnel. It was part and parcel of our community. It was part of our culture. We've made a lot of friends through the years with the people through there, as all communities do -- or most do, I'm sure, with military installations -- as the people come through.

It was a definite part of our economy. The payroll was some \$70 million, an economic impact that one of the state's prominent economists said would set us back, if it were to close, some 10 years in economic development, in economic activity.

So we put up a good fight, like every community will, to try to save our base. That was the cry. That was what the community was about for a long time. We saw it coming, I guess, in the '88 round, before BRAC, but in '88. And we sat and watched the TV and the list that was proposed and set foreclosure of those facilities, and we weren't on that list. So we knew that when BRAC came in the first, second and third rounds, we were more than likely going to be on that list.

We started before we hit the list in 1991. We started at least a year before that, to plan -- to plan ahead on how we were going to cope and how we were going to respond to a base closure. At the same time, we also tried to make the case to the Pentagon, at first, and then to BRAC and then to Congress, that we shouldn't be closed and the reason why.

But we started planning on what to do. The No. 1 secret, as far as we're concerned, and I think this might hold true for most communities, is how is the governance going to be set up? Who will speak for the facility? Who will actually have the authority over the facility?

We did a lot of research. A lot of those communities that were unsuccessful did a lot of infighting and bickering over whether the county government or the state government or the city government or a

totally unrelated government would be the governing authority of that facility, speak for the facility, take credit for the facility, take credit for the good things as you develop jobs and bring in industry, and so forth.

We saw that those were successful were those that got a grip on that governance factor. Usually it was because not one entity took the authority, but it was a combination of governments, and even the private sector. So we did that.

We created, legislatively, a district that the facility would be in, and created an authority, a board of commissioners, if you will, appointed by the different bodies politic, and also including the business community through the Chamber of Commerce, representing demographics of our community, racial makeup of our community, business, working people and so forth. And we believe firmly because we did it that way that the community was able to speak in unison with one voice, and we have been successful because of that, and also because of the tremendous resources the Department of Defense, the Department of Commerce and others (who) have helped us as we went through this very painful transition from an open base to a closed base, into a reused base.

We have now created ... 1,560 jobs. Our goal that will set us back economically where we were when the Air Force was there, is 1,700-plus jobs. That will replace what the 3,000 Air Force and the 600-700 civilian force did for our community as far as economics is concerned.

We have some 58 different tenants on base. ... The England Air Park and Industrial Community is what we call it. ... Before, we had one. If we had one now and it employed 1,700 people, or 1,560 as we do now, and it left, it would devastate us again. So we're diversified. We've got people in all different segments. ...

We've got a school that's being reused. I think it's the first school on a closed military installation in our nation. We've got a hospital that's being reused. We've got a golf course that's being reused. We've got the hangars that are being reused. We moved our commercial aviation from an outside-of-the-town spot site to England, and it has increased our enplanements commercially by about 35 [percent to] 40 percent already, and altogether about 60 percent increase in enplanements. We call it the Alexandria International Airport because there are flights -- not commercial, but there are flights -- that go from England to Latin America on a somewhat regular basis.

We had our first tenant there in December of 1992, just before the last Air Force personnel left. That gave our community hope. It gave our community a sense of success that we could do it. Whereas there had been doom and gloom, there became hope. With the community working together and working with the government institutions and agencies that provide help through money and through technical expertise and assistance, we have made a success out of what we thought was going to devastate our great community.

I think that other communities can do it, too. We've seen some successes that Secretary Cohen showed you. There are others out there that have done it. There are some that have not been so successful, but there is life after base closure.

If I had any message to give communities that will be on the next BRAC list, I would say that -- there is life after base closure. There are opportunities out of devastation. It is a fear and trembling kind of approach you take to it, but with hope and with hard work and perseverance and uniting the people back home and working with the different agencies, you can make it happen. We did it and we're proud of it. Thank you.

Cohen. I intend to send Mayor Randolph up to Congress to carry the burden of proof on this.

[Selected press questions and responses follow.]

Q. Mr. Secretary, speaking of Congress, have you had any communication with anyone there that would lead you to believe that they might have less of a cold shoulder towards this idea? Where's the chance

this could actually come about?

A. Well, I have talked to individual members. I was up on the Hill earlier this week appearing before the Armed Services Committee on an informal basis and did talk about the need for BRAC.

I think what's changed here is that we're not likely to see any increases in the future over and above where we are today in real terms. In the past, Congress could simply add several billions of dollars and we could make things work under that basis. We now have the balanced budget agreement. It would be difficult, if not impossible, to get the kind of additional funding that otherwise might have been available in past years.

So given the constraints and the constraints that we have with a relatively flat budget for the foreseeable future, it means ... that there are tradeoffs. If they want to carry the excess infrastructure, it means that when I come up to testify and say I'm sorry I couldn't measure up to the pledge that I made that we would hit the \$60 billion mark for procurement by the year 2001, [it's] because I don't have these savings. I've got to make changes now, even though these systems won't come into the force for some years. I've got to make these procurement decisions now.

Either that, or I've got to start cutting back on training, exercising, on readiness accounts, on real property management. These are the kinds of tradeoffs that will have to be made. So when I go up to testify and they say how are you doing on readiness? We're hearing stories, they're more than anecdotal, they seem to be systemic now, that there are problems here as far as maintaining readiness. I can say well, that's part of the problem. We have to have greater resources. It's unlikely that you can provide them given the balanced budget amendment. Therefore, I need the kind of flexibility that any major company or corporation in the world would have to make these kinds of decisions.

But after all, as I pointed out on a number of occasions, we have a partnership here. We are not adversaries. We are all in this together to provide for the national security of the country, and they are, more or less, the senior partner and I'm a junior partner in this effort because they have control of the purse strings. They ultimately have the decision-making power here in terms of what they will furnish in the way of funds.

So if they are unable to provide additional money because of a balanced budget, then I need to have and they need to agree to allow the reduction in the excess overhead. I think that message is starting to receive greater support.

Last year we had a tie vote in the Senate committee itself. I'm hoping that we'll bring it to the floor and have a really very detailed, I'm sure passionate, debate on the subject matter. But with mayors like Ed Randolph and others who are prepared to come forward to say yes, we were looking at base closure with a great deal of fear and loathing. As a result of this more or less what I would call holistic approach, that is being taken by the government, working together with a variety of agencies, we're able to help communities convert what looked to be a disaster into major success stories, and this will be true of a number of cities all over the country.

So I hope to be able to persuade them with the statistical information and the facts that would justify having these two additional rounds because now they also have a role to play in terms of deciding whether we have more tactical aircraft, whether we have more Comanche helicopters. The types of systems that our Service chiefs indicate are going to be indispensable if we're going to have the finest military in the world in the next century as well.

Q. If you do not get cooperation from Congress, are you prepared to put locks on the front gates of some bases? Will you be forced into that kind of extreme measure?

A. There are a number of options, certainly, available. I suppose I could recommend that we simply allow a deterioration in some of the facilities that would go without repairs. I could recommend that we simply start moving toward what might be called mothballing certain facilities. They can't be closed without Congress' support, but there are a number of things that could be taken in terms of simply

allowing repairs to go unmade, and to allow some degradation in deterioration of the facilities.

That would not be fair, either, to our troops who were there. Both the military and the civilian work force would suffer, I think, great morale problems. In addition, the community would suffer. As opposed to having the kind of infusion of federal help to convert these facilities into strong, entrepreneurial bases, as such, of creativity and creation of jobs, they would not have the benefit of that. So the community would lose the civilian work force, and the military who were there would lose because of morale implications. I think those are not really positive, what I consider to be acceptable, alternatives. But that's something I could do. I wouldn't look forward to making that kind of a recommendation.

Q. Mr. Secretary, the two biggest arguments being presented on the Hill right now are one, the heartburn over the '95 BRAC, Kelly and McClellan. The depot caucus members are using that maybe as an excuse. They're not going to budge. No one thinks they'll budget until that issue is resolved. Is there any way to resolve that without going back on the president's campaign promise?

The other issue is, you're talking about near-term readiness problems. They say they are going to spend money in the near term to close those bases, so that doesn't solve your near-term readiness problems.

A. First, with respect to Kelly [Air Force Base, Texas] and McClellan [Air Force Base, Calif.], the decision was made by the president. That decision will remain in effect. The competition between the public and private sector will take place as it is taking place today.

As I've indicated on several occasions, in the past when I've found that the process did not work to my satisfaction, I worked to change the process for the next time. To simply say at this point we don't like what took place in 1995 and we are simply going to say no more BRAC rounds under any more circumstances until that is overturned or reversed, means that that consequence will affect our military readiness for the present and for the future. It will certainly have an impact upon the quality of life for our men and women who are wearing the uniform, and it will certainly affect our capacity to have the finest military in the world, which I think most Americans would say we need to have.

So it's a question of looking to the future and saying, if there are changes that need to be made, make the changes. It's something that I did. I wasn't exactly happy with the way in which a BRAC proceeding was handled. I didn't think that my community or my state was treated fairly in the way in which it was handled. But the next time I worked with [then] Sen. [Sam] Nunn to say here are the criteria, here's how it should be handled, we should never have the following situation take place, and we amended the process.

Each time we've had a process we've learned from that and we've made changes in the future. So I think that really is the proper answer, rather than saying we don't care what happens to your readiness for the future, we don't care what's going to take place as far as modernizing our forces. That's simply not in the best interests of the country.

With respect to near-term readiness, what I have to do is to balance, because of the QDR -- of looking at that shape, respond and preparing -- I have to make tradeoffs.

Given the fact that we have a relatively fixed budget environment, I have to, for example, to make some tradeoffs in operation and maintenance in order to put those funds into procurement. It's something that the Congress feels very strongly about as I did as a member of the Senate Armed Services Committee. So I have to make some tradeoffs in terms of housing repairs and renovations, some quality of life issues, and I've made those recommendations.

I can deal with the readiness issue. I can, in fact, say, yes, we can put more into training, more into exercises, more into spare parts, which I have in fact added funds for. But I also may be required to cut back on the modernization and the procurement side.

So it's not an argument to say the near-term readiness issue won't be enhanced by this. What we have to do is plan for the long term. I have to make decisions in 1999 and the year 2000 and the year 2001 which

will have an impact upon our future capability from the years 2008 to 2015. It's easy for me to say, fine, if you don't want to have more BRACs, it won't affect me immediately, but I'll only be here another two and a half years. My obligation is to leave to my successor a plan that will allow that successor to continue to promote the national security interests of this country. That successor, his or her successor in the future.

So the easy thing for me to say is, fine, we don't need it right now, it won't affect me. But the reality is that I have to make decisions which will affect the F-22 or the Joint Strike Fighter or the Comanche or the AAAV. I have to make those decisions during my tenure for the benefit of the country that will spread out to the year 2015.

I think it would be irresponsible for me to take the easy road and simply say fine, I'll wait until somebody else comes in and hand them the bill at that point. I would not be measuring up to my responsibilities.

Q. You've looked at base closings as a senator from Maine, defending the interests of your constituents, and as the secretary of defense defending the needs of the U.S. military. I take it, it looks different. And two, do you have any sympathy, still, for your former colleagues about what they have to go through to approve another ...?

A. Oh, absolutely, I do. That's why I think it's important that we bring mayors like Ed Randolph and others, if we go to Orlando or Alameda County or to California and Fort Ord, and other places where there have been successful stories. And also bring mayors who haven't been as successful, asking them what is it they need from the federal government in order to help them get through this transition period. Each time we've had a BRAC process we've learned how to expedite the process, how to have more agencies actively involved and providing the kind of assistance that's necessary.

I can recall going back to the days when I was, in fact, in local government, and we had a major SAC [Strategic Air Command] base called Dow Air Force Base turned over to the city of Bangor for a dollar. The problem was, we couldn't even afford to plow the runways, given the size of our city and the lack of resources. There were no real federal programs at that time to help the city of Bangor. It was a real struggle.

Today, much like in Alexandria, we have the Bangor International Airport. It's vital to the economic development of the city and to the surrounding area.

So I think what I have to do is obviously take into account the needs of senators and congressmen. It is difficult for every community, but as Mayor Randolph has said, if you approach it in the fashion by saying we've got to work together, we've got a number of local agencies, state agencies, federal agencies. If we work together we can make what otherwise would be a very disastrous situation into a positive one. So I have that obligation and I'm willing to do that.

Q. Are these success stories that you offer the exception or the rule?

A. I think more and more they are the rule rather than the exception. I think there is a difficulty here, and that is in terms of rural communities vs. either urban ones or those who have prime territory, who have the populations that can support some of the closures by virtue of the deep reduction in revenues coming into a community.

I think you have to give more consideration to the more rural communities. It's more difficult for them. That would be a factor you would take into account in setting forth the criteria in future BRAC rounds. I think we've learned from experience that you have prime territory and you have an industrialized state, for the most part. Or if you have a semirural community, I would yield to Mayor Randolph to talk about how he would characterize Alexandria, be it urban or rural or something in between, but I think those kinds of differentiations have to take place.

It really has to do with attitude, and we have learned as a federal government that if we're going to help

communities that have become dependent upon that stream of revenue coming in from the military facility overcome the collapse of their economy, that we have to get actively, energetically involved, and that is being done.

So we've learned by these BRAC rounds. We have accelerated the transfer of property, we have devised new creative mechanisms to help the community regenerate its economic growth, and that's the kind of assistance that's necessary in order to make this a success. ...

Q. [A] point that you hear from the depot caucus is that this is largely a budget drill. You decided you needed X amount of dollars and you then adjust what bases you're going to close to meet that expectation. How would you address that concern?

Goodman. I think the secretary was very clear on that point. This is ultimately a strategy-driven drill. It started off with the Quadrennial Defense Review and the strategy of shape, respond, prepare. That means that we both need to sustain a high level of readiness and to significantly increase funding for modernization so that our troops in 2015 will have the kind of weapons and technology available that will ensure their dominance in the battlefield. That's the goal that is driving our process.

The Quadrennial Defense Review also is what led us to shape force structure for the future. What the report ... analyzes is the excess capacity that exists in our base structure relative to that force structure that we need to be able to protect America in 2015.

Q. Try to put this, your two new BRACs, in some sort of numerical perspective. Twenty-two percent times the number of bases you have comes up to 58 major installations. They talked in terms of two BRAC rounds, somewhat equivalent to the last two BRAC rounds. That puts you, again, somewhere in the range of 50. You had to think in terms of the number of bases and types of bases you're closing to come up with your financial calculations on savings. So can you help us out in how many bases you're actually talking about closing?

A. First, let me clarify. The report estimates excess capacity. From that excess capacity, we believe that we have sufficient grounds to warrant authorization of two additional rounds of BRAC. You're quite correct. The last two rounds of BRAC in '93 and '95 closed about 50 [to] 55 major installations. It was those numbers that we used to project forward into the future in terms of the savings that we would receive. You recall the \$21 billion the secretary mentioned between '08 and '15. Those numbers are based on projecting our savings from the last BRAC rounds. That's the best predictor we have.

Of course the specific costs and savings for a future BRAC round would depend specifically on what bases were closed, and to be able to determine that, you need to go through a BRAC process. But we're confident in those numbers, and part of the reason why we're very confident is that, as the secretary noted, if anything, we have understated them. Our costs are lower than we initially estimated, and we believe that our savings are greater.

Q. How much of a setback would it be for you in terms of the planning process if you didn't get it in this authorization bill, but in the FY [fiscal year] 2000 bill, next year's bill?

A. The secretary, I think, was clear that we need BRAC now, and we need it because we are already beginning to plan for the 2000, 2005 timeframe. That will require making lots of decisions that will come before Congress might act in a subsequent year.

I think the secretary's point is that Congress considered this issue last year. Congress asked for a report detailing costs and savings. They asked for a military assessment of the value of BRAC that the Joint Chiefs of Staff has provided. They asked for an estimate of excess capacity. We've provided that. We think we've given them the information that they have asked to be able to make this decision, and we think it makes a clear and compelling case for two additional BRAC rounds now.

Q. You're likely to get hit by Congress by your success story examples, because you're comparing civilian jobs gained to civilian jobs lost, which sets aside the, usually, the higher number of military

people who are also lost. Those payrolls have gone out of sight, too. So aren't you in some way skewing your success stories by ignoring the loss of the military payroll?

A. Not at all. First, there's not a one-to-one comparison, obviously, between loss of a uniform[ed] personnel or civilian personnel, as Mayor Randolph noted. But more to the point, ... these communities consider themselves success stories. They are diversifying their economies, they are bringing in new, high-paying jobs. They are providing for their own future. Clearly, it is a difficult thing for a community to go through the loss of its base. It's difficult financially. It's also difficult, as the mayor noted, because installations become very attached to the communities of which they're a part. But, that said, communities across the country are doing very well.

Someone earlier asked if Alexandria was an exception. Not at all. From Alexandria to Pease Air Force Base, from Kettering, Ohio, to Devens, Mass., to Merced County, Calif., there are bases that are finding that the facilities that they have are really very valuable assets. What's key, as the mayor noted, is that the community works closely together.

We have significantly improved, I think, our mechanisms and tools for helping communities. We've developed a new conveyance mechanism that conveys property to communities with flexible terms and conditions. We have people out in each base, a base transition coordinator or an ombudsman whose job it is to make that process work better. These were all changes that were implemented as a result of the 1993 BRAC round. I think communities across the board believe that these changes have been very, very beneficial in helping them get on the road to recovery.

We'd be happy to provide a much longer list of success stories than the one that we've really showcased with Mayor Randolph.

Q. Can I just delve in quick -- the status of the Kelly/McClellan situation. There's been the problem of Congress, particularly the Senate and House committee, arguing that you're not complying with the '98 legislation on how that competition could be carried out, the bundling and all that sort of thing. Are you any closer to a resolution, to satisfying them and being able to go ahead with that competition?

A. I know the Air Force has been working and discussing these issues with Sen. [James M.] Inhofe and the Senate Armed Services Committee and others on the House side. I think the Air Force believes that it is complying with the law. The important issue going forward is twofold.

First, as Secretary Cohen noted, if Congress does have concerns about the management of a base closure round or process, they can certainly write the law, and the Constitution is clear on this point. The Congress can write the law in a way they think will improve it.

Second, we've made some changes compared to our proposal from last year. In particular we proposed that the first round, the next round of BRAC would occur in 2001. That's after a presidential election. It would occur in the first year of a new administration. The second round in 2005 would occur in the first year of a subsequent administration. We have also, within each BRAC round, pushed the dates a couple of months to the right, so a new administration, a new secretary of defense, would have more time to review our recommendations and to make a decision.

We believe that both of those are positive steps in terms of responding to the concerns that some such as the senator from Oklahoma have raised. In fact, I've so testified to his committee, and I think he agrees that those are improvements.

Thank you very much.

Published by the American Forces Information Service, a field activity of the Office of the Assistant Secretary of Defense (Public Affairs), Washington, D.C. Parenthetical entries are speaker/author notes; bracketed entries are editorial notes. This material is in the public domain and may be reprinted without permission.